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SUBMISSION BY THE

HON. RICHARD B. HATFIELD

PREMIER

PROVINCE OF NEW BRUNSWICK

TO THE

HOUSE OF COMMONS


STANDING COMMITTEE ON TRANSPORT

ON, N. B.

APRIL 1, 1987



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MR. CHAIRMAN, HONORABLE COMMITTEE MEMBERS:

I WOULD LIKE TO WELCOME YOU TO THE PROVINCE OF NEW BRUNSWICK AND TO THE CITY OF MONCTON.

I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE TODAY TO EXPRESS THE GOVERNMENT OF NEW BRUNSWICK'S VIEWS ON:

- (1) BILL C-18, THE NATIONAL TRANSPORTATION ACT, 1986 AND
- (2) BILL C-19, THE MOTOR VEHICLE TRANSPORT ACT, 1986.

AT THIS COMMITTEE'S HEARING HELD IN HALIFAX IN NOVEMBER, 1985, I IDENTIFIED A NUMBER OF CONCERNS NEW BRUNSWICK HAD WITH BILL C-18'S PREDECESSOR, THE FEDERAL WHITE PAPER: "FREEDOM TO MOVE". I HAVE BASICALLY THE SAME CONCERNS TODAY.

MY OVERRIDING CONCERN CONTINUES TO BE THE LACK OF AN ADEQUATE RECOGNITION IN BILL C-18 OF THE IMPORTANCE OF TRANSPORTATION TO REGIONAL ECONOMIC DEVELOPMENT. THE RECOGNITION OF TRANSPORTATION AS A KEY TO REGIONAL ECONOMIC DEVELOPMENT IN BILL C-18 IS AN IMPORTANT STEP BUT GOES ONLY HALF WAY.

THE NEED FOR REGIONAL ECONOMIC DEVELOPMENT OBJECTIVES TO TAKE PRECEDENCE OVER COMMERCIAL VIABILITY OBJECTIVES WHEN THE TWO ARE IN CONFLICT MUST ALSO BE RECOGNIZED IN THE STATEMENT OF NATIONAL TRANSPORTATION POLICY TO BE CONTAINED IN THE NEW ACT. THE PROVINCE IS VERY CONCERNED THAT, WITHOUT THIS ADDITION, COMMERCIAL VIABILITY OBJECTIVES MAY PREVAIL AND RESULT IN MYOPIC DECISIONS FROM A REGIONAL DEVELOPMENT POINT OF VIEW.

I WANT TO MAKE IT CLEAR THAT THE PROVINCE OF NEW BRUNSWICK RECOGNIZES THE BENEFITS OF COMPETITION IN INDUSTRY AND SUPPORTS COMPETITION WHERE IT IS APPROPRIATE, BUT ALSO RECOGNIZES THAT COMPETITION MAY NOT ALWAYS LEAD TO ECONOMIC EFFICIENCY OR PRODUCE SOCIALLY DESIRABLE RESULTS. FOR EXAMPLE, TRANSPORTATION POLICY IN CANADA CAN ONLY HAVE LONG-TERM BENEFITS IF IT IS DEVELOPED FROM A CANADIAN PERSPECTIVE, REFLECTING THE UNIQUE ECONOMIC AND SOCIAL REALITIES OF THE COUNTRY AND, FROM THE PROVINCE'S PERSPECTIVE, THE ECONOMIC AND SOCIAL REALITIES OF NEW BRUNSWICK AND THE ATLANTIC REGION.

I AM PLEASED TO NOTE THAT THIS VIEW IS SHARED BY THIS COMMITTEE. IN THE PREAMBLE TO RECOMMENDATION 35 IN YOUR REPORT DEALING WITH THE "FREEDOM TO MOVE" WHITE PAPER, YOU NOTE THAT AS A RESULT OF DIRECT GOVERNMENT INVOLVEMENT SINCE CONFEDERATION IN THE DEVELOPMENT OF THE COUNTRY'S TRANSPORTATION INFRASTRUCTURE, "ALMOST ALL PARTS OF CANADA NOW HAVE ACCESS TO APPROPRIATE TRANSPORTATION MODES." YOU GO ON TO SAY:

"THE NEAR COMPLETION OF THESE SYSTEMS HAS SHIFTED THE FOCUS OF THE DEBATE REGARDING THE ROLE OF TRANSPORTATION IN REGIONAL DEVELOPMENT FROM QUESTIONS OF ACCESS TO THOSE OF SERVICE AND COSTS."

"THE COMMITTEE RECOGNIZES THIS SHIFT, AND APPRECIATES HOW ESSENTIAL TRANSPORTATION IS TO THE LESS AFFLUENT, LESS POPULATED REGIONS OF THE COUNTRY. WE HEARD HOW IMPORTANT IT IS FOR PEOPLE IN THOSE REGIONS TO BE ABLE TO GET THEIR GOODS TO DOMESTIC AND EXPORT MARKETS QUICKLY AND EFFICIENTLY AND AT THE LOWEST COST POSSIBLE."

"THE COMMITTEE'S TASK THROUGHOUT THIS REPORT HAS BEEN TO TRY AND STRIKE THE APPROPRIATE BALANCE BETWEEN THE PROPOSED NEW NATIONAL TRANSPORTATION POLICY AND THE PUBLIC INTEREST REFLECTED BY THOSE CANADIANS WHO HAVE VALID CONCERNS REGARDING ITS IMPACT ON THEM. WE HAVE TRIED IN THIS REPORT TO BUILD IN SAFEGUARDS TO ALLAY THESE CONCERNS AND TEMPER THE IMPACT OF THE NEW POLICY ON LOCAL AND REGIONAL INTERESTS."

THE COMMITTEE THEN RECOMMENDS THAT "IN THE LEGISLATION TO AMEND THE NATIONAL TRANSPORTATION ACT, STATUTORY RECOGNITION BE GIVEN TO THE PRINCIPLE THAT TRANSPORTATION IS A KEY TO REGIONAL ECONOMIC DEVELOPMENT." YOU SAW THIS RECOMMENDATION AS THE ULTIMATE PROTECTION IN THE "FAMILY" OF SAFEGUARDS PROPOSED IN YOUR REPORT; THE COMPLETION OF THE "SAFETY NET" SO MANY HAD REQUESTED. HOWEVER, AS YOU ARE WELL AWARE, THE FAMILY OF SAFEGUARDS RECOMMENDED IN THE REPORT HASN'T BEEN INCORPORATED INTO THE NEW LEGISLATION AS THE INDIVISIBLE WHOLE IT WAS APPARENTLY MEANT TO BE. AS PRESENTLY WRITTEN, BILL C-18 DOES NOT PROVIDE SUFFICIENT SAFEGUARDS FOR THE LONG TERM PROVISION OF ADEQUATE AND STABLE TRANSPORTATION SERVICES.

THE FEDERAL GOVERNMENT'S RELUCTANCE TO DATE TO INCORPORATE INTO BILL C-18 SATISFACTORY PROTECTION AGAINST THE POSSIBLE DOWNSIDE EFFECTS OF THE PROPOSED LEGISLATION HAS INCREASED THE PROVINCE'S CONCERNS REGARDING THE POTENTIAL NEGATIVE IMPACTS OF THE NEW ACT ON TRANSPORTATION SERVICES IN NEW BRUNSWICK AND IN THE MARITIME PROVINCES IN GENERAL. THIS IS WHY NEW BRUNSWICK IS ADAMANT THAT SUB-SECTION 3(1)(D) OF BILL C-18 RECOGNIZING TRANSPORTATION AS A KEY TO REGIONAL ECONOMIC DEVELOPMENT BE EXPANDED TO INCLUDE THE STATEMENT THAT REGIONAL ECONOMIC DEVELOPMENT OBJECTIVES WILL TAKE PRECEDENCE OVER COMMERCIAL VIABILITY OBJECTIVES WHEN THE TWO CONFLICT.

THE IMPORTANCE OF HAVING SUB-SECTION 3(1)(D) AMENDED AS PROPOSED IS UNDERLINED BY THE SPECIFIC CONCERNS WHICH FOLLOW. YOU HAVE HEARD ME ADDRESS THESE CONCERNS BEFORE, AND YOUR REPORT DEMONSTRATES THAT YOU ARE IN AGREEMENT WITH SEVERAL OF THEM. HOWEVER, BILL C-18 DOES NOT PROVIDE PROTECTION AGAINST, OR A REMEDY FOR, THEIR POTENTIAL OCCURRENCE.

REGARDING THE PROPOSED LEGISLATION FOR DOMESTIC AIR TRANSPORTATION, THE PROVINCE HAS TWO MAJOR CONCERNS. AT THE PRESENT TIME, WHEN THE PROVINCE MENTIONS IT HAS CONCERNS WITH AIR TRANSPORT DEREGULATION, IT TENDS TO RAISE EYEBROWS. AIR SERVICE IN THE PROVINCE HAS IMPROVED RECENTLY AS THE AIRLINES AND REGULATORS BEGIN TO ADJUST TO THE IDEA OF A DEREGULATED ENVIRONMENT. HOWEVER, THE PROVINCE HAS RESERVATIONS THAT, ONCE THE INITIAL EUPHORIA WITH DEREGULATION IS OVER, CERTAIN PROBLEMS WILL ARISE AS HAPPENED IN THE UNITED STATES. THE PROVINCE'S TWO MAJOR CONCERNS INVOLVE EASE OF MARKET EXIT AND DOMESTIC TARIFFS.

AS PROPOSED IN BILL C-18, WITH THE EXCEPTION OF THE "DESIGNATED AREA", WHICH EXCLUDES THE MARITIME PROVINCES BUT INCLUDES THE NORTHERN AND REMOTE AREAS OF ALL OTHER PROVINCES, THE NORTHWEST TERRITORIES AND THE YUKON, DOMESTIC AIR CARRIERS WILL OPERATE IN AN ALMOST TOTALLY DEREGULATED ENVIRONMENT. THERE WILL BE EASE OF MARKET ENTRY AND EXIT AND THERE WILL BE NO ON-GOING REGULATION OF DOMESTIC TARIFFS.

WITH RESPECT TO EASE OF MARKET EXIT, BASICALLY ANY DOMESTIC CARRIER WILL BE ABLE TO CEASE A DOMESTIC SERVICE WITH 60 DAYS OR LESS NOTICE TO THE NEW REGULATORY AGENCY AND "PRESCRIBED PERSONS". A CARRIER WILL BE ORDERED TO CONTINUE A SERVICE ONLY IF THE MINISTER OF TRANSPORT DETERMINES THAT THE SERVICE IS "ESSENTIAL". AT PRESENT, IT IS UNDERSTOOD "ESSENTIAL" WILL BE INTERPRETED TO LIMIT THE ORDERING OF A CONTINUATION OF SERVICE TO AREAS WHICH ARE DEPENDENT ON AIR SERVICE AS THE PRIMARY METHOD FOR PASSENGER AND CARGO TRANSPORTATION. AT PARTICULAR RISK OF LOSING AIR SERVICE ARE THE SMALL COMMUNITIES IN THE MARITIME PROVINCES, AS SUGGESTED BY THE FOLLOWING CONCLUSION FROM A 1985 STUDY UNDERTAKEN ON "AIRLINE DEREGULATION" IN THE UNITED STATES:¹

"THE MAIN AREA OF SERVICE DETERIORATION HAS BEEN FOR THE VERY SMALL COMMUNITIES AND, TO SOME DEGREE, THE MEDIUM-SIZE COMMUNITIES. SOME COMMUNITIES NOT ONLY HAVE BEEN AFFECTED BY OUTRIGHT SERVICE REDUCTION, BUT ALSO BY SERVICE INSTABILITY FROM YEAR TO YEAR - A SITUATION THAT CAN ADVERSELY AFFECT LONG-TERM PLANNING AND THE ATTRACTION OF INDUSTRY TO INDIVIDUAL COMMUNITIES. THE EXPANSION OF COMMUTER SERVICES HAS PARTIALLY COUNTERACTED THESE TRENDS, BUT HAS NOT BEEN ABLE TO DO SO COMPLETELY. SOME SERVICE RETENTION IN THE SMALLEST COMMUNITIES IS STILL TIED TO A SUBSIDY PROGRAM THAT, BY LAW, IS DUE TO EXPIRE IN 1988 CONSIDERABLE UNCERTAINTY REMAINS AS TO WHAT WILL HAPPEN TO AIR SERVICE IN THESE COMMUNITIES WHEN THE SUBSIDY TERMINATES"

1. BRENNER, M.A., LEET, J.O., SCHOTT, E., AIRLINE DEREGULATION, ENO FOUNDATION FOR TRANSPORTATION, INC., WESTPORT, CONNECTICUT, 1985

INFORMATION RECEIVED FROM THE OFFICE OF AVIATION ANALYSIS, UNITED STATES DEPARTMENT OF TRANSPORTATION, PROJECTS THAT OF THE 138 COMMUNITIES PRESENTLY RECEIVING A SUBSIDY UNDER THE ESSENTIAL AIR SERVICES SUBSIDY PROGRAM, 80% OR 110 COMMUNITIES WILL LOSE ALL AIR SERVICE IF THE SUBSIDY PROGRAM TERMINATES IN 1988. IN ADDITION, OVER THE LAST 9 YEARS OF AIR TRANSPORT DEREGULATION IN THE UNITED STATES, 144 COMMUNITIES HAVE EXPERIENCED A REDUCTION IN AIR SERVICE AND 108 COMMUNITIES HAVE LOST ALL AIR SERVICE.

IT IS UNACCEPTABLE TO THE PROVINCE THAT ONGOING REGIONAL ECONOMIC DEVELOPMENT EFFORTS IN OUR SMALL AND MEDIUM SIZED COMMUNITIES COULD BE THWARTED BY A LOSS OF AIR SERVICE. SINCE SMALLER COMMUNITIES GENERALLY AFFORD FEWER COMPETITIVE ADVANTAGES THAN LARGER COMMUNITIES, BUSINESS PEOPLE IN THE SMALLER COMMUNITIES ARE PROBABLY MORE DEPENDENT THAN THEIR COUNTERPARTS IN LARGER CENTERS ON THE ECONOMIES ASSOCIATED WITH AN ADEQUATE AND EFFICIENT AIR SERVICE.

ON THE TARIFF SIDE, U.S. EXPERIENCE SUGGESTS THAT FARES WILL BE HIGHER IN BOTH THE LOW TRAFFIC MARKETS AND NON-PROMOTIONAL FARE CATEGORIES POST-DEREGULATION TO OFFSET THE COMPETITIVE RESPONSIVE FARES IN THE LARGER MARKETS. THIS CONCERN IS AFFIRMED IN A WORKING PAPER ISSUED BY THE CANADIAN TRANSPORT COMMISSION IN SEPTEMBER 1986. THE FOLLOWING IS QUOTED FROM THAT PAPER:

"ALTHOUGH THE HIGHLY PUBLICIZED PRICE WARS HAVE OFTEN GIVEN CONSUMERS THE IMPRESSION THAT DEREGULATION HAS RESULTED IN AN OVERALL DECREASE IN AIR FARES, IT APPEARS THAT U.S. AIR FARES HAVE, ON AVERAGE, INCREASED ABOUT 50% DURING THE LAST SIX YEARS. IN PARTICULAR, SIGNIFICANT INCREASES HAVE OCCURED ON LOW VOLUME, LESS COMPETITIVE ROUTES. FOR EXAMPLE, WHILE THE AIR FARE FROM NEW YORK TO LOS ANGELES MAY HAVE DIMINISHED BY 32% SINCE 1978, THE AIR FARES FROM NEW YORK TO SUCH PLACES AS PROVIDENCE, RHODE ISLAND ... HAVE MORE THAN DOUBLED."

SIMILAR EVIDENCE IS CONTAINED IN THE 1985 "AIRLINE DEREGULATION" STUDY MENTIONED PREVIOUSLY.

AIR ROUTES INTO, WITHIN AND FROM NEW BRUNSWICK ARE NOT HIGHLY COMPETITIVE. THIS IS EVIDENT FROM THE SCHEDULES OF THE CARRIERS SERVING NEW BRUNSWICK, THE NUMBER OF CARRIERS SERVING THE PROVINCE AND THE POINTS SERVED BY THE CARRIERS. THIS LIMITED COMPETITION SUGGESTS THAT AS IN THE UNITED STATES, AIR FARES ON SOME NEW BRUNSWICK ROUTES COULD BE HIGHER, AND NOT LOWER, AS A RESULT OF DEREGULATION.

THE COMMITTEE'S REPORT ON "FREEDOM TO MOVE" RECOGNIZED THE POTENTIAL FOR THE PROBLEMS JUST DESCRIBED TO AFFECT THE SOUTHERN, LOW DENSITY AIR MARKETS AS WELL AS THE NORTHERN AND REMOTE AREAS. TO QUOTE THE REPORT:

"WHAT BECAME CLEAR FROM THE EVIDENCE, ... PARTICULARLY THAT OF SOME WITNESSES FROM ATLANTIC CANADA, WAS THAT THERE ARE MANY PERIPHERAL AND MARGINAL MARKETS IN SOUTHERN CANADA WHICH HAVE SOME OR ALL OF THE CHARACTERISTICS OF NORTHERN AIR MARKETS WE THINK SAFEGUARDS ARE REQUIRED TO MEET THE CONCERNS OF THOSE CANADIANS WHO LIVE IN SMALL CENTRES AND THE PERIPHERAL AREAS OF SOUTHERN CANADA."

THE COMMITTEE MADE 5 RECOMENDATIONS TO ENSURE THAT THOSE NORTHERN, REMOTE AND SOUTHERN LOW DENSITY AIR MARKETS PRESENTLY RECEIVING AIR SERVICE WOULD NOT LOSE ALL AIR SERVICE AS A RESULT OF DEREGULATION. RECOMMENDATIONS 2, 3 AND 4 WERE PERTINENT TO THE PROVINCE'S CONCERNS REGARDING THE SOUTHERN LOW DENSITY AIR MARKETS AND WERE WELCOMED BY THE PROVINCE.

THE PROVINCE WOULD LIKE TO SEE THESE THREE RECOMMENDATIONS INCLUDED IN BILL C-18 BUT WITH A WORDING CHANGE TO RECOMMENDATION 2. AS PRESENTLY WRITTEN, RECOMMENDATION 2 WOULD EXCLUDE SOME SMALL COMMUNITIES WHICH, AS AN INITIAL RESPONSE TO THE MOVE TOWARD AIRLINE DEREGULATION, ARE CURRENTLY SERVED BY MORE THAN ONE AIR CARRIER. HOWEVER, AS THESE COMMUNITIES ARE SUSCEPTIBLE IN THE LONGER-TERM TO A LOSS OF AIR SERVICE IN A DEREGULATED ENVIRONMENT, THERE IS A CONTINUING NEED TO PROTECT THEM FROM A TOTAL LOSS OF AIR SERVICE.

THE PROVINCE WOULD SUGGEST THAT RECOMMENDATION 2 BE CHANGED AS FOLLOWS:

RECOMMENDATION 2 - THE COMMITTEE RECOMMENDS THAT WHERE A SINGLE CARRIER IS SERVING A LOW DENSITY MARKET IN THE SOUTH, A CLAUSE BE INCLUDED IN THE NEW LEGISLATION PROVIDING FOR REGULATORY CONTROL OVER THE EXIT OF THAT CARRIER FROM THAT MARKET.

RECOMMENDATIONS 3 AND 4 REMAIN UNCHANGED:

"RECOMMENDATION 3 - THE COMMITTEE RECOMMENDS THAT THE NEW REGULATORY AGENCY BE GIVEN A MANDATE TO MONITOR THE IMPACT OF AIR TRANSPORTATION DEREGULATION, PARTICULARLY ON LOW DENSITY ROUTES, AND THAT THE LAW REQUIRE THE AIR CARRIERS TO PROVIDE TO THE REGULATORY AGENCY SUCH INFORMATION AS IS NECESSARY FOR IT TO CARRY OUT THIS MONITORING FUNCTION.

RECOMMENDATION 4 - THE COMMITTEE RECOMMENDS THAT LEGISLATION DEREGULATING THE AIR CARRIER INDUSTRY ESTABLISH AN ESSENTIAL AIR SERVICES SUBSIDY PROGRAM AND SET OUT IN DETAIL THE CRITERIA FOR QUALIFICATION FOR SUBSIDIES."

TURNING TO RAIL TRANSPORTATION, UNDER THE NEW ACT, THE ABANDONMENT OF BRANCH LINES OR LINES OTHER THAN BRANCH LINES WILL BE MADE MUCH EASIER. INDICATIONS ARE THAT BOTH CN AND CP WILL APPLY TO ABANDON A SIGNIFICANT AMOUNT OF TRACK IN THE MARITIME PROVINCES. IF THIS HAPPENS, CURRENT RAIL MOVEMENTS WILL SHIFT TO TRUCK.

SHIFTING RAIL SHIPMENTS TO TRUCK WILL PLACE AN INCREASED DEMAND ON PROVINCIAL HIGHWAYS AND WILL REQUIRE HIGHWAY UPGRADING AND INCREASED MAINTENANCE; THIS WILL BE EXPENSIVE. MOST PROVINCIAL GOVERNMENTS ARE NOT IN A FINANCIAL POSITION TO UNDERTAKE SUCH ADDITIONAL EXPENDITURES. FEDERAL ASSISTANCE IDENTIFIED FOR HIGHWAY UPGRADING IN THE ACT IS NOT GUARANTEED AND WOULD BE LIMITED TO INSTANCES OF LOCAL HIGHWAY UPGRADING IN LIEU OF KEEPING A BRANCH LINE OR LINE OTHER THAN A BRANCH LINE OPEN. THIS DOES NOT FULLY ADDRESS THE POTENTIAL SITUATION BEING FACED BY THE PROVINCES.

FOR NEW BRUNSWICK, THIS POSES A PARTICULAR PROBLEM. ALL TRUCK TRAFFIC EITHER ENTERING OR LEAVING THE ATLANTIC REGION MUST TRAVEL THROUGH NEW BRUNSWICK. THE PROVINCE'S HIGHWAYS, AND PARTICULARLY THE TRANS CANADA HIGHWAY, WERE NOT BUILT TO HANDLE SUCH TRAFFIC. THE TRANS CANADA HIGHWAY IS ALREADY SHOWING SIGNIFICANT DETERIORATION AS A RESULT OF INCREASED TRUCK TRAFFIC OVER THE LAST FEW YEARS.

THE PROVINCE DOES NOT HAVE THE FINANCIAL RESOURCES REQUIRED TO MEET THESE NEW DEMANDS BEING PLACED ON ITS HIGHWAYS.

AS A FINAL POINT ON BILL C-18, THE PROVINCE FEELS THAT THE PROPOSED NEW NATIONAL TRANSPORTATION AGENCY SHOULD BE DECENTRALIZED WITH A MINIMUM OF THREE DIVISIONS - ATLANTIC, CENTRAL AND WESTERN - TO BRING REGULATION CLOSER TO THE MARKET PLACE. IN A DEREGULATED ENVIRONMENT, IT WILL BE IMPORTANT FOR THE REGULATORY AGENCY TO UNDERSTAND THE SPECIFIC TRANSPORTATION NEEDS OF EACH PROVINCE. THE PROPOSED DECENTRALIZATION WOULD FACILITATE THIS UNDERSTANDING. THE ATLANTIC DIVISION SHOULD ALSO BE RESPONSIBLE FOR ADMINISTERING THE MARITIME FREIGHT RATES ACT AND THE ATLANTIC REGION FREIGHT ASSISTANCE ACT.

WITH RESPECT TO BILL C-19, THE MOTOR VEHICLE TRANSPORT ACT, 1986, NEW BRUNSWICK SUPPORTS THE GENERAL REGULATORY REFORM THRUST OF THIS BILL. THE TRUCKING INDUSTRY IN NEW BRUNSWICK, AND IN MOST PARTS OF CANADA, IS A MATURE ONE, AND A SIGNIFICANT DEGREE OF COMPETITION NOW EXISTS IN THIS INDUSTRY. THEREFORE THE RIGID CONTROLS OVER ENTRY INTO THE TRUCKING INDUSTRY THAT WERE APPROPRIATE 40 OR EVEN 20 YEARS AGO ARE NO LONGER NECESSARY. THE TWO STEP PROCESS OF ECONOMIC DEREGULATION CONTAINED IN THE BILL WILL RESULT IN AN ULTIMATE REGULATORY REGIME BASED ALMOST SOLELY ON SAFETY CONSIDERATIONS, WHILE PROVIDING A TRANSITIONAL "SAFETY NET".

I AM INFORMED THAT THIS LEGISLATION IS BASED ON THE MEMORANDUM OF UNDERSTANDING SIGNED BY FEDERAL, PROVINCIAL, AND TERRITORIAL MINISTERS OF TRANSPORTATION IN FEBRUARY 1985. NEW BRUNSWICK HAS BEEN A LONG TIME ADVOCATE OF SUCH REFORM. THIS IS BASED, AS I INDICATED EARLIER, ON THE FACT THAT IN THE TRUCKING INDUSTRY, UNLIKE OTHER MODES OF TRANSPORTATION, THERE EXISTS A HEALTHY DEGREE OF COMPETITION. IN THE SPRING OF 1985, NEW BRUNSWICK PASSED LEGISLATION SIGNIFICANTLY REDUCING THE NATURE AND EXTENT OF ECONOMIC REGULATION OF NEW BRUNSWICK'S TRUCKING INDUSTRY. FOR EXAMPLE, A LARGE NUMBER OF COMMODITIES WERE AT THAT TIME TOTALLY EXEMPTED FROM ECONOMIC REGULATION. ALSO OUR LEGISLATION PROVIDES FOR REVERSING THE BURDEN OF PROOF, SIMILAR TO THOSE PROVISIONS CONTAINED IN BILL C-19. WE INTEND TO PROCLAIM THIS SECTION OF OUR LEGISLATION IN CONCERT WITH OUR NEIGHBOURING PROVINCES AND THE GOVERNMENT OF CANADA.

IT IS IMPORTANT TO UNDERLINE THE FACT THAT NONE OF THESE STEPS HAVE BEEN, OR WILL BE, UNDERTAKEN WITHOUT CONTINUED AND WHERE NECESSARY, IMPROVED SAFETY STANDARDS. NEW BRUNSWICK NOW HAS IN PLACE A BROAD ARRAY OF COMMERCIAL VEHICLE AND DRIVER SAFETY PROGRAMS. I AM PLEASED TO NOTE THAT LAST WEEK THE FEDERAL AND PROVINCIAL MINISTERS OF TRANSPORTATION SIGNED A MEMORANDUM OF UNDERSTANDING RESPECTING THE ADOPTION OF A NATIONAL SAFETY CODE FOR MOTOR CARRIERS. NEW BRUNSWICK SUPPORTS THIS COOPERATIVE APPROACH AND WE WILL CONTINUE TO WORK WITH THE GOVERNMENT OF CANADA, AND THE OTHER PROVINCES, TO IMPLEMENT AND ENFORCE THE STANDARDS OF THIS SAFETY CODE.

TO CONCLUDE MY COMMENTS ON THE PROPOSED NEW NATIONAL TRANSPORTATION LEGISLATION, I HAVE ALREADY STATED THAT NEW BRUNSWICK SUPPORTS THE GENERAL THRUST OF REGULATORY REFORM CONTAINED IN BILL C-19. HOWEVER, THE PROVINCE WILL NOT SUPPORT BILL C-18 UNLESS SUB-SECTION 3(1)(D) OF THE BILL RECOGNIZING TRANSPORTATION AS A KEY TO REGIONAL ECONOMIC DEVELOPMENT IS EXPANDED TO INCLUDE THE STATEMENT THAT REGIONAL ECONOMIC DEVELOPMENT OBJECTIVES WILL TAKE PRECEDENCE OVER COMMERCIAL VIABILITY OBJECTIVES WHEN THE TWO CONFLICT.

IN THE EARLIER DISCUSSION ON BILL C-18, THE PROVINCE RECOMMENDED THAT THE NEW NATIONAL TRANSPORTATION AGENCY HAVE A MINIMUM OF THREE DIVISIONS - ATLANTIC, CENTRAL AND WESTERN. AN IDEAL SITE FOR THE HEADQUARTERS OF THE ATLANTIC DIVISION WOULD BE THE CITY OF MONCTON.

MONCTON IS OFTEN REFERRED TO AS THE "HUB CITY" DUE TO ITS LOCATION NEAR THE GEOGRAPHIC CENTRE OF ATLANTIC CANADA. SEVERAL TRANSPORTATION INTERESTS SERVING THE ATLANTIC REGION HAVE ALREADY TAKEN ADVANTAGE OF MONCTON'S CENTRALIZED LOCATION, INCLUDING: TRANSPORT CANADA, MARINE ATLANTIC, CANADIAN NATIONAL, THE RAILWAY TRANSPORT COMMITTEE OF THE CANADIAN TRANSPORT COMMISSION, THE ATLANTIC PROVINCES TRANSPORTATION COMMISSION AND THE ATLANTIC PROVINCES TRUCKING ASSOCIATION.

THE LOCATION OF AN ATLANTIC DIVISION OF THE NEW NATIONAL TRANSPORTATION AGENCY IN MONCTON WOULD BE WELCOMED BY THE GOVERNMENT OF NEW BRUNSWICK.

